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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8, MONTANA OFFICE
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HELENA, MONTANA 59626

Ref: 8MO

MAR 15 2007

Mr. Richard Fristik
USDA Rural Development, Utilities Program
1400 Independence Ave., SW
Mail Stop 1571, room 2237
Washington DC, 20250

and

Ms. Kathleen Johnson
Montana Dept. of Environmental Quality, Director's Office
P.O. Box 200901
Helena, MT 59620-0901

RE: CEQ 20070035; EPA Comments on the Coal-Fired Highwood Generating Station FEIS

Dear Mr. Fristik and Ms. Johnson:

The Environmental Protection Agency (EPA) Region VIII Office has reviewed the Final Environmental Impact Statement (FEIS) for the Coal-Fired Highwood Generating Station (HGS) Project, in accordance with our responsibilities under Section 102(2)(C) the National Environmental Policy Act (NEPA), and Section 309 of the Clean Air Act.

We appreciate the inclusion of responses to EPA's DEIS comments as well as other agency and public DEIS comments in the FEIS (Appendix L). We are pleased that 4.6 acres of non-jurisdictional wetlands impacted by the project would be mitigated at the plant site (page L-192), and that a Clean Water Act Section 404 permit application has been submitted to the U.S. Army Corps of Engineers for the jurisdictional wetlands impacted by the project..

The FEIS indicates that modeling demonstrates that the proposed ash landfill would meet State groundwater permit requirements, and that groundwater monitoring wells would be installed to verify that no contamination of the aquifer occurred. While we agree that the risk of aquifer contamination appears to be low, the risk is not zero, and we note that it is very difficult to remediate an aquifer once it becomes contaminated. We still believe it would be prudent to include a poly liner above the compacted clay layer at the ash landfill, as well as a leachate monitoring/collection system beneath the liner. This would provide greater assurance that contamination of the Kootenai Aquifer, which is used as a drinking water source, would not



occur.

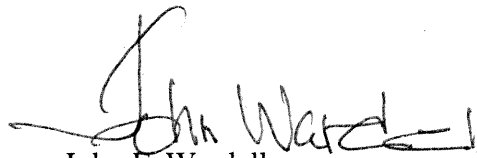
In regard to concerns with visibility impairment, the FEIS states that the proposed action would not cause a significant adverse regional haze impact in Class I areas and that impacts would be moderate. Nevertheless, the refined visibility analysis continues to show a potential for two days per year of visibility impact greater than 0.5 deciview from the proposed project at the Bob Marshall Wilderness Area, one day per year at the Gates of the Mountain Wilderness Area, and one day per year at the Scapegoat Wilderness Area (page 4-49). The FEIS states that visibility impacts would occur primarily in November and March, and the peak visitation periods for the Wilderness Areas would be July through October (page 4-50). EPA remains concerned about this potential for visibility impairment to the nearby Class I Wilderness Areas, and we continue to recommend the consideration and implementation of mitigation to reduce visibility impairments.

Regarding carbon dioxide and carbon dioxide equivalent emissions, the FEIS indicates that the proposed 250 megawatt (MW) circulating fluidized bed coal-fired power plant would emit 2.1 million tons of carbon dioxide per year, and 2.8 million tons of total greenhouse gases (in carbon dioxide equivalents) when nitrogen oxides and methane emissions are considered. However, the Southern Montana Electric Generation and Transmission Cooperative, Inc. (SME) recently announced plans for design changes to capture up to 90 percent of the greenhouse gas emissions of the proposed plant (See article in Great Falls Tribune dated February 3, 2007 entitled "Developers Plan to Capture Carbon," <http://www.greatfallstribune.com/apps/pbcs.dll/article?AID=2007702030302>).

EPA applauds SME's recent discussions regarding carbon dioxide capture technologies that could be added to the HGS at some point in the future. EPA notes that facility design and operation modifications associated with carbon capture may require changes to the Clean Air Act preconstruction permit or permit application. We recommend that the ROD mention SME's carbon capture plans and the possibility that environmental compliance issues, including NEPA, may arise as a result of the modifications.

EPA appreciates the opportunity to review and comment during the NEPA process. If we may provide further explanation of our comments and concerns please call me at (406) 457-5001. Thank you very much for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "John Wardell", with a stylized flourish at the end.

John F. Wardell
Director
Montana Office

cc: Larry Svoboda/Julia Johnson, EPA, 8EPR-N, Denver

